

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

|   |  |  |                      |
|---|--|--|----------------------|
| (1) DEPARTMENT<br>Treasurer/Tax<br>Collector/Public<br>Administrator  | (2) MEETING DATE<br>11/13/2012                 | (3) CONTACT/PHONE<br>Art Bacon, (805) 781-5849<br>Gordon Eiland, (805) 781-5848  |                      |
| (4) SUBJECT<br>Request to approve the 2013 County Treasury Investment Policy.   |  |  |                      |
| (5) RECOMMENDED ACTION<br>It is recommended that your Honorable Board review and approve the County Treasury Investment Policy for the calendar year 2013.  |  |  |                      |
| (6) FUNDING<br>SOURCE(S)<br>N/A   | (7) CURRENT YEAR<br>FINANCIAL IMPACT<br>\$0.00 | (8) ANNUAL FINANCIAL<br>IMPACT<br>\$0.00   | (9) BUDGETED?<br>N/A |
| (10) AGENDA PLACEMENT<br><input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____) |  |  |                      |
| (11) EXECUTED DOCUMENTS<br><input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A  |  |  |                      |
| (12) OUTLINE AGREEMENT REQUISITION NUMBER<br>(OAR)<br>N/A   |  | (13) BUDGET ADJUSTMENT REQUIRED?<br>BAR ID Number: N/A<br><input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A |                      |
| (14) LOCATION MAP<br>N/A  | (15) BUSINESS IMPACT<br>STATEMENT?<br>No       | (16) AGENDA ITEM HISTORY<br><br><input type="checkbox"/> N/A    Date <u>December 13, 2011</u>  |                      |
| (17) ADMINISTRATIVE OFFICE REVIEW<br><br>Emily Jackson  |  |  |                      |
| (18) SUPERVISOR DISTRICT(S)<br>All Districts -  |  |  |                      |

# County of San Luis Obispo



TO: Honorable Board of Supervisors

FROM: Arthur F. Bacon  
Acting Treasurer, Tax Collector, Public Administrator

DATE: November 13, 2012

SUBJECT: Request to approve the 2013 County Treasury Investment Policy.

## **RECOMMENDATION**

It is recommended that your Honorable Board review and approve the County Treasury Investment Policy for the calendar year 2013.

## **DISCUSSION**

### **Summary**

The Treasury Investment Policy ("Policy") is reviewed annually. There are no changes to the Policy's overall investment philosophy, objectives, priorities, or to specific investment restrictions, which remain conservative compared to many other counties.

### **Background**

The Treasury Investment Policy was established in May 1983 by the County Treasurer (the first written county investment policy in the State). The purpose is to clearly state investment guidelines for the protection of funds, define the objectives of managing the funds, and maintain internal controls and reporting requirements. The primary objectives in order of priority, by law, are safety, liquidity, and yield, while maintaining compliance with federal, state, and local laws and regulations. The Policy is reviewed at least annually and revised as needed.

### **No Material Change to Philosophy**

In making investment decisions, the County Treasurer continues to emphasize safety of principal above all other considerations, followed by liquidity, and then yield. The investment restrictions contained in the Policy continue to reflect this philosophy.

### **Use of Bank Deposit Accounts**

With interest rates near historic lows, bank deposit accounts continue to be preferable to traditional investments in many cases. Bank deposit accounts are not considered investments by code, but are included in the Policy because of the significant role they play in the overall strategy for managing the County's investment pool. Safety on bank accounts is provided either through full FDIC insurance, or through collateral consisting of pledged securities, whose market value exceeds the principal per California Government Code. Liquidity is immediate, and yield is often attractive compared to alternatives. Last year's Policy included a section on use of bank deposit accounts for the first time. This year's Policy expands the use of bank deposit accounts, and increases the maximum share of the investment pool that may be placed in such accounts. Only banks that meet specific guidelines are used for bank deposit accounts.

## **OTHER AGENCY INVOLVEMENT/IMPACT**

The Policy was approved on October 24, 2012, by the County Treasury Oversight Committee, which includes the County Auditor-Controller, a representative appointed by the County Board of Supervisors, the County Superintendent of Schools or his or her designee, a representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the County, and one member of the public with expertise in, or academic background in, public finance.

## **FINANCIAL CONSIDERATIONS**

Since 1983, the Policy has provided an important foundation for maintaining the safety of funds in the investment pool. There are no changes to budgets or staffing to implement the policy.

## **RESULTS**

One of the goals of the County Treasury is to manage the investment pool in a manner that ensures the preservation of capital and provides the ability to meet the cash flow needs of the investment pool participants. The 2013 Treasury Investment Policy will further enhance the Treasurer's ability to attain this goal. In addition, the Policy provides information to the Board of Supervisors and the public regarding the stringent control exercised by the County Treasurer over the investment of public funds. These results are consistent with the County's goals to maintain "A Prosperous and Well Governed Community."

## **ATTACHMENTS**

1. Proposed Treasury Investment Policy for Calendar Year 2013